



The
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A divided self

A survey of France | November 16th 2002

A divided self

Also in this section

Same bed, different dreams

Better to cohabit than be out in the cold.
Page 4

A question of colour, a matter of faith

France must face up to its immigrant problems. Page 5

A new kind of solidarity

France needs more jobs and less state.
The two are not unconnected. Page 10

Tarnished glory

The scandals are legion—but who cares?
Page 12

To have and to hold

The French have been spoiled by lavish state pensions and health care. No wonder they are fighting cutbacks. Page 13

The French exception

From agriculture to Europe, France gets away with doing its own thing. Page 18

High and mighty

France's elite is too clever by half. Page 19

A magic moment

President Chirac has five years in which to reform France. Page 20



France has an identity problem. It needs to find the courage to redefine itself, says John Andrews

"I HAVE heard and understood your call: that the republic should live, that the nation should reunite, that politics should change." On a cold evening in early May, Jacques Chirac found the right words for the moment. He had just been re-elected president of the French republic, with 82% of the vote, in a run-off with Jean-Marie Le Pen, the leader of the extreme-right National Front. Two weeks earlier, in the first round of the election, Mr Le Pen had eliminated the Socialist candidate (and incumbent prime minister), Lionel Jospin, from the contest. For left-leaning voters, Mr Chirac was clearly the lesser evil, so in the run-off they joined forces with Mr Chirac's centre-right to humble Mr Le Pen. Hence Mr Chirac's carefully chosen words: his victory may have been sweet, but it was hardly unqualified.

Doubtless that is why as prime minister of his "government of mission", Mr Chirac appointed Jean-Pierre Raffarin, a pudgy and amiable former senator from the Poitou-Charentes region. Mr Raffarin's motto is *la France d'en bas*, grassroots France, which is supposed to mean not only a government closer to the people but a government that comes from the people.

So six months later, is the nation "re-united"; has politics changed; is the republic "alive"? The answers are horribly muddled, mainly because the French themselves are muddled: over France's place in Europe, over the impact of global-

isation and, at root, over what it means to be French. In their hearts they want precious little to change; in their heads they suspect change is inevitable.

If it is, their worry is not just what the change will be, but how and when it will come. On June 17th, the day after a parliamentary election in which Mr Chirac's supporters (most of them members of the newly assembled and aptly named Union for the Presidential Majority) won 399 of the National Assembly's 577 seats, the headline of the conservative *Le Figaro* proclaimed: "Five years to change France". Given that there will be no significant elections before the next presidential and parliamentary polls, due in 2007, the opportunity is there. But if change does come, many will not like it: the leftist *Libération's* headline sarcastically predicted "A five-year sentence".

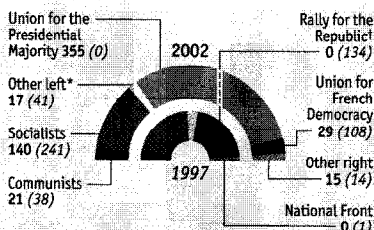
Whatever the headlines say, for most of France's 59m people not much has changed since the bout of elections in the spring. Around 9% of the workforce is still without a job; the rest troop off to their offices and factories just as before, cosseted by laws that protect them from quick layoffs, provide them with one of the world's shortest working weeks—just 35 hours—and give them holiday entitlements Americans can only dream of. Meanwhile, their country remains as beautiful and seductive as ever, and the two-hour lunch is alive and well. Add trains that run fast and ►►

Acknowledgments and sources

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What a difference five years make

Seats in the French parliament, 2002 (1997)



*Includes Radical Party of the Left, 7 (12); Greens, 3 (7)

In 2002 it was absorbed into the Union for the Presidential Majority
Sources: French Interior ministry; The Economist

on time, modern motorways in good repair, and a medical system at the top of the World Health Organisation's international rankings. Surely the French have a right to feel pleased with themselves?

Not altogether superior

So why do they feel so insecure? Why do politicians, pundits and philosophers (a breed revered on French television) feel a need to bolster the country's collective morale by pointing out the deficiencies of the "Anglo-Saxon" way, be they fraudulent accountancy practices in America or

decrepit private railways in Britain?

One reason is doubtless a dash of *Schadenfreude*. Within the lifetime of its senior citizens, France has been occupied by Germany, rescued by America and Britain, and then divested—bloodily in the case of Algeria and Indochina—of almost all its colonies. Since then English has become the world's common language (so much so that France's own politicians will now speak it in public), America has turned into the world's only superpower and Hollywood has come to dominate the world's entertainment industry. For France, a country which believes that its revolution, just as much as America's, bears a universal message, these changes have not been easy to accept. Seeing someone else having a hard time provides some light relief.

But there are also more troubling reasons for this lack of confidence. One is the feeling, especially among industrialists and businessmen, that France's economic formula, involving higher taxes and social charges than in most of the countries its firms compete with, will not work forever. Indeed, it is already fraying at the edges. At the start of the 1990s, France ranked eighth in the world in terms of economic output per person, but by the end of the decade it

had slipped to 18th.

The most important reason, however, is a lurking suspicion that French society itself is not working. Go back to the first round of the presidential election on April 21st, with its 16 candidates, and ask a few simple questions. Why did Mr Jospin, arguably France's most effective prime minister in the 44 years of the Fifth Republic, get only 16.2% of the vote? Why, in that round, did Mr Chirac get only 19.9%, the lowest ever for an incumbent president? Why did 13 no-hoper candidates gather up 47% of the vote between them? And why did a record 28.4% of the electorate abstain? Most bothersome of all, why did Mr Le Pen, ostracised throughout his 40-odd years in politics, win 16.9% of the vote and so pass through to the second round?

There are plenty of superficial answers: Mr Jospin lacked charm; Mr Chirac was stained by alleged corruption; the electorate felt free to indulge its whims because it assumed that a run-off between Messrs Jospin and Chirac was pre-ordained; and Mr Le Pen is a brilliant orator. But there is a more fundamental explanation. As one French journalist, Philippe Manière, puts it in a recent book, the first-round result was "the vengeance of the people". ■

Same bed, different dreams

Better to cohabit than be out in the cold

IS IT sensible for France to have a president from one side of the political divide and a government from the other? Olivier Schrameck, chief of staff to Mr Jospin from 1997 until May this year, devoted much of a recent book, "Matignon Rive Gauche, 1997-2001", to denouncing such "cohabitation" as a waste of energy and a recipe for immobility. Under cohabitation, the government would run the country, but the president, who retains traditional authority over defence and foreign policy (the constitutional authority is rather vague), would be tempted to snipe from the sidelines.

Yet French voters have forced such liaisons on their country three times since the birth of the Fifth Republic in 1958. The first time was when the left was defeated in the parliamentary elections of 1986. The Socialist François Mitterrand, who had been elected president in 1981, had to

put up with a centre-right government led by Jacques Chirac as prime minister. In 1988 Mitterrand was re-elected president and dissolved parliament. In the ensuing elections the Socialists returned to power. In 1993, however, the left-wing government was voted out and Mitterrand had to cohabit with the centre-right once again, this time with Edouard Balladur as prime minister. Two years later this cohabitation ended with the election of Mr Chirac as president. But in 1997 Mr Chirac provoked the third cohabitation—much tenser than the first two—by calling early parliamentary elections that the left, led by Mr Jospin, won handsomely.

Such cohabitations could happen because the presidential term was for seven years and that of the lower house of parliament, the National Assembly, for five. But in future there will be less opportunity for these oddball relationships. In

September 2000, after an arcane debate between constitutional experts and self-interested politicians, a bemused electorate decided in a referendum (in which only 30% cast a vote) that, beginning with the elections of 2002, the president would have the same five-year term as the parliament.

Since a president might die in office, or might dissolve parliament early, there could still be cohabitations in the future. But as long as President Chirac remains in the post, he is unlikely to call early elections again. For the record, he used to be a fierce opponent of reducing the seven-year presidential term, but changed his mind. His critics say he feared that voters in 2002 might think him too old for another seven-year term but young enough for five years (he will be 70 later this month). He himself claims he supported the change in order to modernise France.

A question of colour, a matter of faith



The world according to Le Pen

JEAN-MARIE LE PEN, at ease in his drawing room, waves an arm as if to state the obvious: "The greatest challenge is demographic. The countries of the north—the world of the white man, or let's say the non-black world—have an ageing population. They are rich, and they are facing a third world of 5 billion people, maybe more tomorrow, who are very young and dynamic. This dynamism will be translated into immigration."

Outside the room, the guard-dogs are asleep. In the urban plain below the Le Pen mansion (inherited from a political admirer) in Saint-Cloud, the Paris evening rush-hour is under way. The National Front leader goes on: "The rise of Islam is more the result of its youth and dynamism than its religious values. It's a demographic problem which will lead to immigration, whose consequences could lead, if nothing is done, to the submersion of our country, our people, our civilisation...No government, whether by ideology or by blindness, has realised the danger."

France's far-right bogeyman gained second place in the presidential election by saying what few other politicians would either want to or dare to: that the French re-

public has too many immigrants, who in turn have too many children. But that is putting it politely. What the National Front and the National Republican Movement, its rival on the extreme right, really mean is that France has too many inhabitants who are black, brown and Muslim. And lots of them are not immigrants at all, but were born in France and are French citizens.

There are plenty of other politicians who have dabbled in the politics of race. Governments of the right have over the years enacted increasingly strong laws to restrict immigration, and governments of the left have for the most part accepted them. Mr Chirac, definitely not a racist himself, found it useful in the 1988 presidential election campaign to refer to the "odours" of immigrant cooking.

What makes Mr Le Pen different is that he has consistently preached the same xenophobic message ever since he entered politics. He became France's youngest member of parliament in 1956, at the age of 27, and first stood for the presidency in 1974. France's ills, he has said all along, are the fault of foreigners, including fellow members of the European Union. The remedy is to keep out foreigners, produce more

France must face up to its immigrant problems

French children, build more prisons, cut taxes and leave the EU.

The question is why that message suddenly found more resonance with the voters in last spring's presidential election than ever before in Mr Le Pen's political career. Mr Le Pen's previous best score was 14.4% in the first round in 1988, and the only time his party has ever gained more than one seat in the National Assembly was in 1986, when the elections, exceptionally, were held by proportional representation.

The answer is surely not that nearly a fifth of the voters suddenly decided that Mr Le Pen's programme made practical sense, nor that all those who cast their ballot for him are anti-Semitic fascists (Mr Le Pen has described the gas chambers as a "detail" of the second world war, and thinks that Maurice Papon, the Vichy official who in the late 1990s was eventually convicted for crimes against humanity, was innocent). More likely, the voters wanted to jog the governing elite into action. As a former Socialist prime minister, Laurent Fabius, once said, "Le Pen poses good questions and offers bad solutions."

So what might a good solution look like? A useful start would be, literally, to enumerate France's problems. Malek Boutih, the French-born son of Algerian immigrants and now the president of SOS-Racisme, an anti-racism organisation, argued in a recent book that "France is wrong not to publish, as other countries like America do, statistics of criminality by social category, age, place, type of city development and so on. It is even more wrong not to establish a public debate on the question, as though the French are so irrational that they cannot calmly consider the reality of their problems."

Crime matters

But should that mean a debate on crime as well? Polls before the election showed that the subject topped the list of their concerns, ahead of the state of the economy or pensions or even unemployment. Whether crime in France is worse than in other countries is a moot point: criminal statistics are hard to compare, and although one study showed that France in

2000 had proportionately more crimes than America, other studies suggest that it did a little better than, say, Germany or Belgium. However, what matters to French people is what happens in France.

Or more precisely, what they think is happening. Nicolas Sarkozy, the interior minister, has won plaudits for not only identifying crime as a serious problem but being seen to be doing something about it. Barely a week goes by without him being photographed with a smiling collection of police or gendarmes. Mr Sarkozy has secured the money to add another 6,500 police to the 146,000 he took over from his predecessor. And Mr Raffarin has appointed a junior minister in the justice ministry specifically to supervise a building programme that will add 11,000 prison places to the 47,000 already occupied.

In terms of public perception, such measures will help. One poll in September found that the proportion of those questioned who felt they were "often" at risk of crime was 49%—shockingly high in absolute terms but actually slightly less than in the autumn of last year. Mr Sarkozy has been able to trumpet a reduction in reported crime, by 4.5% in August compared with a year earlier, the first such fall for five years. In Paris, where the tourist industry has long complained about the plague of pickpockets, the fall was 11%.

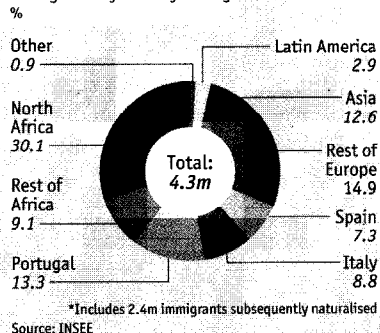
Whether the momentum can be sustained is another matter. In the country that produced the Declaration of Human Rights (in 1789, a satisfying two years before America's Bill of Rights), the new enthusiasm for "zero tolerance" becomes hard to swallow when it means giving the authorities greater powers of arrest and punishment.

According to critics, many of them well placed in the judiciary and the media, the government is eroding the presumption of innocence (never particularly robust in France, which has no Anglo-Saxon protection of *habeas corpus*); it casually treats many young offenders as though they were adults; and it is callously cracking down on France's most marginal residents, from Romanian beggars to African prostitutes. In other words, the critics allege that the Raffarin government—and Mr Sarkozy in particular—is doing the work of Mr Le Pen for him.

Press Mr Boutih on whether criminal statistics should include a breakdown by race or religion, and he immediately says no: "I remain convinced that ethnic origin is less relevant than the level of education and social status." He has a point: a well-

A cosmopolitan mix

Immigrants by country of origin*, 1999



educated Arab or black Frenchman with a decent job is unlikely to turn to petty drug-dealing or car-stealing. The trouble, according to Tahar Ben Jelloun, a Moroccan who is one of France's finest writers, is that only 4% of the children of immigrants get to university, compared with 25% of their native contemporaries.

Our ancestors the Gauls

But the main reason for Mr Boutih's resistance is that to collect information by race or religion would offend the very French concept of "republican values", because it would discriminate between citizens rather than treat them as equal. France makes no allowance for cultural differences: "our ancestors the Gauls" applies to schoolchildren of every hue. In this secular republic, the idea of collecting racial and religious statistics is a virtual taboo across the whole of the political spectrum. Such statistics, it is feared, will lead France along the Anglo-Saxon road of "communitarisme" (in which the idea of separate communities within the country as a whole is acceptable). In the words of the constitution, the French republic is indivisible, and having separate communities is seen as automatically leading to divisions.

Yet the sad reality is that France's race relations are no better than anyone else's. Arab and black minorities are as much as ever excluded from the mainstream. In opinion polls in the late 1990s, two-fifths of the respondents admitted to being at least "a little bit" racist (more than in any other European Union country except Belgium), and just over half thought there were "too many Arabs" in France.

The lack of solid figures leads to the sort of guesswork that plays into the far-right's hands. The state statistics office, INSEE, reckons that in 1999 (the year of the most recent census) the total number of foreign-

born residents in metropolitan France, including 2.4m who have acquired French nationality, was 4.3m, or 7.4% of the metropolitan population of 58.5m. Of these, 1.3m had come from Algeria, Morocco and Tunisia. But the official figures end with that breakdown by country of origin.

The best estimate for the religious breakdown that INSEE is not allowed to publish comes from a scholarly report presented to the prime minister two years ago by the High Council for Integration, a committee of academics and experts. The report reckoned that France is home to 4m-5m Muslims—defined by culture rather than religious observance—of whom up to half have French nationality. Of the Muslim total, almost 3m are of North African origin or ancestry, with 1.5m from Algeria, 1m from Morocco and the rest from Tunisia. Of the other Muslims, Turks probably number 350,000, sub-Saharan Africans about 250,000, and assorted Middle Easterners (Iranians and Kurds, as well as Arabs) the remainder. So France's Muslims make up at most one in 12 of the population—and its Arabs one in 20.

Yet the media keep repeating that there are at least 6m Arabs in France, and quite possibly as many as 8m, who are regularly accused of crime, vandalism, the abuse of social services and other wrongdoings. It is easy for the elite and the comfortable middle classes to dismiss Mr Le Pen's view of the world, but less so for those—especially *les petits blancs* (poor whites)—who live in crime-ridden working-class neighbourhoods. According to the analysts, in the first round of the presidential election Mr Le Pen won the support of only 8% of those with a college education, but 30% of blue-collar voters and 38% of the unemployed.

Chronic or curable?

Pessimists argue that the situation will get worse before it gets better. France's high rate of unemployment is not about to tumble overnight. Nor are the high-rise public housing blocks built from the 1950s to the 1970s in the *banlieue*, or suburbs, of most French towns. At the time, they were intended to provide affordable housing to the influx of workers from the countryside and from the colonies or ex-colonies. Now they have all too often become virtual ghettos, each storey dotted with satellite dishes pointed towards the television stations of the Maghreb. But the problem extends far beyond the *banlieue*. The same combination of poverty, race and social exclusion can be found in the medieval vil- ➤

► lages of Provence, or in some down-at-heel parts of Paris such as the 10th or 19th *arrondissements*.

The passage of time, say the pessimists, is not healing cultural rifts but making them worse. The generation of immigrants from the Maghreb were often illiterate peasants, keen to work hard in a country whose language they could barely understand. By contrast, their children, and now their children's children, are French-born and French-educated, and have lost respect for their immigrant parents or grandparents. That has caused a loss of parental authority, and often a multitude of behavioural problems in the disciplined world of French schools.

How French can you get?

Moreover, being French-born and French-educated does not mean that an Abdel-Karim or a Samira will be treated the same as a Jean-Pierre or a Marianne. To be white and born in France of French parents and grandparents means you are a *Français de souche*—of “French stock”. But to be born in France of Arab ancestry makes you a *beur*, a word which for most Arab Frenchmen has no pejorative undertone (there is, for example, the *Beur-FM* radio station). The word is a kind of inversion of the word *Arabe*, part of an argot of inversion called *verlan* (*l'envers*, or back-to-front), which turns *français* into *cefran* and *café* into *féca*. This is undoubtedly of linguistic interest, but the language is also a sign of exclusion, sometimes self-imposed. *Beur* is now so universal that the new word among the *beurs* is *rebeu*, a *verlan* of a *verlan*.

How to end that exclusion? In America the answer might be affirmative action or positive discrimination, but in France such notions are seen as a threat to a republic which presumes its citizens to be free, equal and brotherly to begin with. When Sciences-Po, an elite university, last year began a special entry programme for a handful of bright students from the “zones of priority education” in the *banlieue* around the cities of Paris and Nancy, current and former students reacted with horror: their beloved meritocratic institution was slipping down the Anglo-Saxon slope.

Mr Boutih understands the gap between republican theory and everyday practice all too well: “The republican model is not a natural one. It exists through political will. Communautarisme is the natural model.” So why not adopt the natural one instead? “Because society will explode from within. Each community will define itself against another, as in the Un-

ited States.”

Arguably, that process is already under way. In October last year, at a soccer match in Paris between France and Algeria, young *beurs* greeted the French national anthem with a storm of whistles and later invaded the pitch, brandishing Algerian flags. Young *beurs* are increasingly turning to Islam, not so much as a faith but as a symbol of identity: they fast during the month of Ramadan, insist on religiously correct food in their school canteens and stay at home to mark religious holidays.

A small minority go a lot further, falling under the influence of extremist imams from the Gulf or North Africa. In their fight to dismantle al-Qaeda, Europe's and America's intelligence services have uncovered a disturbing number of French suspects, not least Zacarias Moussaoui, currently on trial in America for his alleged role in the September 11th attacks on America last year. And a number of young *beur* layabouts have used the excuse of the Arab-Israeli conflict to indulge in anti-Jewish violence and vandalism (at over 600,000, France's Jewish minority is Europe's largest).

The *Français de souche* are accomplices in this process, not just in the April 21st vote for Mr Le Pen or in their reluctance to offer Arabs (and blacks) the same job prospects as whites, but also in the open antagonism some of them display towards the Arabs in their midst. To justify their stance, they quote the inferior status of Muslim women, or the dreadful gang-rapes of “easy” Muslim girls that some Muslim

boys regard as a rite of passage. It is no accident that Oriana Fallaci's book “The Rage and the Pride”, an extremist tirade against Muslims in general and Arabs in particular, spent so many weeks on this year's French bestseller list.

Could the pessimists be wrong? Back in 1998, France rejoiced in the World Cup victory of a French soccer team starring plenty of blacks and *beurs* (including the incomparable Zinedine Zidane, born of Algerian parents in the Marseilles *banlieue*). Sami Naïr, an Algerian-born member of the European Parliament and formerly an adviser on immigration to the Jospin government, points out that in an earlier wave of immigration into France, in the early part of the 20th century, Roman Catholics from Italy and Poland were accused of “trying to impose religion on our secular state”. Yet in the end, he says, the discrimination fades and the newcomers' descendants end up as *Français de souche*: “I think it will be solved in a generation.”

Yet there is an obvious difference between the present wave of migrants and previous waves: the *beurs* and their parents are the first minority that can be physically distinguished from the *Français de souche*. Their assimilation cannot be achieved by fading into the background. Instead, Mr Naïr proposes a pact: the government must live up to the values of the republic when dealing with its Arabs—and the *beurs* must accept the duties that go with them, including equality of the sexes. That might be easier if the economy could deliver more jobs. ■



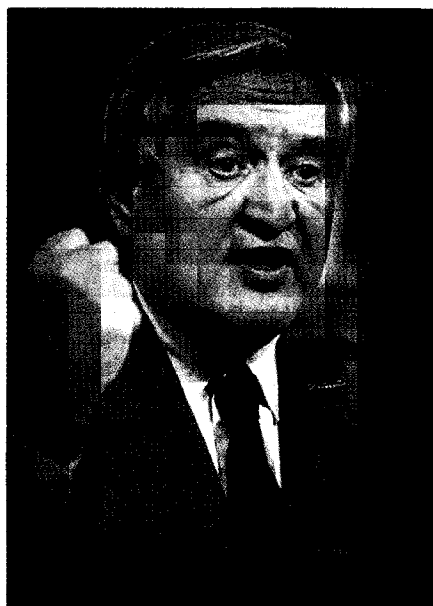
French within a generation?

A new kind of solidarity

NOW is not a good time to be prime minister of France, and Jean-Pierre Raffarin knows it only too well. The world economy is in the doldrums, and the French economy is becalmed with it; investor confidence is low; and the trade unions are restive. Last month, for example, thousands of public-sector workers (80,000 according to the unions; 40,000 according to the police) marched through the centre of Paris to defend their privileges as public servants or agents of the state, and to denounce modest plans for privatisation. On the same day, INSEE, the government statistical office, announced that economic growth for this year was now likely to be only 1%, compared with its forecast in June of 1.4% (and the previous government's self-serving prediction of 2.5% before the elections).

If INSEE is right, then the budget for next year presented in October by the finance minister, Francis Mer, becomes an exercise in fiction. It assumes growth of 1.2% this year and 2.5% next, and a budget deficit of 2.6% of GDP. Instead, the deficit could well break through the 3% limit set by the European Union in its collective quest for economic stability. In other words, crisis looms: the EU will want French belts to be tightened, whereas the voters, worried about their jobs and mortgages, want them loosened.

Engraved in the country's political consciousness is the memory of 1995, the last time a centre-right president was elected with a centre-right majority in parliament. The prime minister of the day was the intellectually brilliant but aloof Alain Juppé; he was determined that France should qualify for membership of the euro zone, which meant keeping the franc closely in line with the D-mark while simultaneously cutting the budget deficit (then running at 5% of GDP). This he hoped to do by reforming the public sector, which would restrain public spending. Instead, he saw hundreds of thousands of public-sector workers taking to the streets in a wave of protests and strikes, with the sympathy of most of the population. Two years later, when President Chirac rashly called an early general election to obtain a popular mandate for the EU's single cur-



Raffarin has his work cut out

rency, the right was swept from power.

Not surprisingly, Mr Raffarin and his colleagues are keen to prevent history repeating itself. Their strategy is to tread softly, even to speak softly. In opposition, the right accused Lionel Jospin of "immobility". Now the bosses' association, Medef (Mouvement des Entreprises de France), lays the same charge against Mr Raffarin: it accuses him of being too timid in dealing with the consequences of the 35-hour working week, introduced by Mr Jospin (who cut it from 39 hours with no loss of pay), or with the previous government's "Law on Social Modernisation" (which makes it harder than ever for employers to fire people, thus discouraging them from hiring in the first place). The bosses fear that if Mr Raffarin shows the same timidity in other areas, notably slimming down the civil service and reforming pensions, the country will continue its slide down the international scale of GDP per person.

Just as this is a bad time for Mr Raffarin to be prime minister, the previous period was a good time for Mr Jospin. The world economy, powered by America and its dotcom infatuation, was growing strongly, and France, the world's fifth-biggest ex-

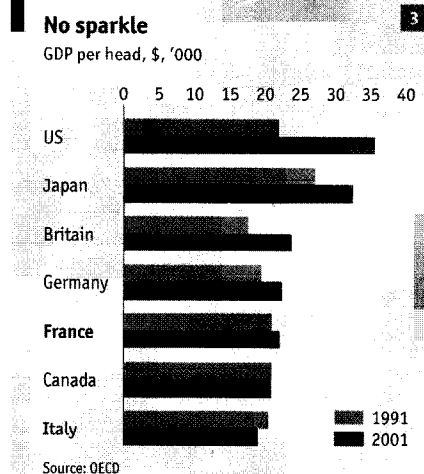
France needs more jobs and less state. The two are not unconnected

porter, reaped the benefits. A series of partial privatisations (or "openings of capital", in the words of Mr Jospin, an ex-Trotskyist well aware of the need to placate the Communists in his coalition) helped to keep the country's finances in excellent shape. Inflation, the public debt and the budget deficit were all low, and economic growth in 1998-2000 averaged 3.3% a year. Successive finance ministers basked in the plaudits of the International Monetary Fund and the OECD.

Growing jobs

All this may have encouraged Mr Jospin to believe that full employment had become a realistic target for France. Certainly a report in December 2000 by Jean Pisani-Ferry, of the Council of Economic Analysis, a body of experts set up by Mr Jospin to give him independent advice, seemed to be suggesting as much. The report noted that in the four years from the start of 1997 France had created 1.6m jobs, "twice as many as during the 1960s and ten times the number created between 1974 and 1996". The drop in the jobless, it said, was "unprecedented".

The government was keen to take the credit. In the run-up to this year's elections, it claimed that the 35-hour week, which came into effect in February 2000 for firms with more than 20 employees (it has yet to be fully applied to small firms), had al-



ready created 400,000 jobs. The idea was that to compensate for the shorter week, bosses would have to take on more employees, and could be encouraged to do so through temporary relief on their payroll taxes. The government noted, too, that 320,000 young people had found work since 1997 through the youth employment scheme, under which young people were given five-year contracts in the public sector, for example as school playground assistants or as guards at railway stations and other public buildings. At the beginning of 2001 the government had also taken steps to lessen the poverty trap, in which recipients of state benefits lose out if they take a low-paid job.

A success of sorts

But how much of the credit for all these extra jobs did the Jospin government really deserve? On closer scrutiny, the Pisani-Ferry report reads less like a congratulatory pat on the government's back and more like a warning that things must change. For a start, much of the job creation was simply the result of economic growth. Further, full employment was defined as a jobless rate of 5% or less of the workforce, a rate that in happier days for the world economy would have been considered fairly disastrous in, say, Japan or Singapore. The report also argued that to achieve this target by 2010, the country would have to create at least 300,000 new jobs a year, perhaps as many as 400,000.

That, however, would require large-scale liberalisation, of the sort introduced by Margaret Thatcher, Britain's radical prime minister of the 1980s—and French vested interests are most unlikely to allow that to happen. Besides, there is little sign of a French Lady Thatcher emerging. Only Alain Madelin, of the Liberal Democrats, currently speaks a Thatcherite language of free markets and a minimalist state, and he won a mere 3.9% of the vote on April 21st.

All this puts a different perspective on the labour-market "success" of the Jospin term. True, unemployment fell from the 12.2% of the workforce inherited from the right in 1997, but only to 9%, getting on for twice as much as in Britain or America—at a time when the economy was booming and employers had jobs they could not fill. The economists concluded that 9%, or a smidgen less, was—and is—France's "structural" rate of unemployment, which can be reduced only by changing the make-up of the economy.

Go to the lovely Place du Capitole in Toulouse, or ride the subway system in Ly-

ons, or watch a game of street-soccer in a Marseilles housing estate, and the economic jargon translates into bored young men whiling away their days doing nothing in particular: no wonder many of them trade drugs to supplement their meagre state benefits. People over 25 receive the RMI (*revenu minimum d'insertion*), created in 1988 to provide a "minimum income for inclusion in society". For a single man with no dependants, this amounts to €406 (\$405) a month. In a land of plenty, some 1m of France's 24m households rely on the income of the country's 2.2m *eremistes*.

That is a waste of young energy and talent; but a similar waste goes on at the other end of the age range too. In Antibes, a town on the Côte d'Azur sandwiched between Cannes and Nice, men in their 50s and 60s go down to the seafront each afternoon to play boules, as do thousands of other perfectly healthy contemporaries throughout the country (albeit perhaps in less pleasant surroundings). In most other industrialised countries, they would still be toiling at the office desk or on the factory floor; in France, they are enjoying a comfortable retirement.

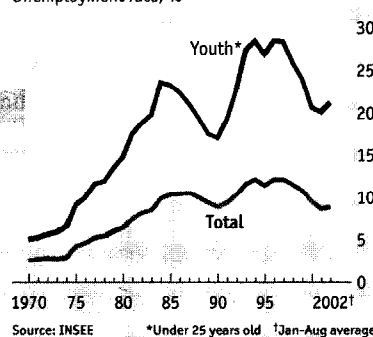
In other words, France's unemployment rate, already bad enough by international standards, is even worse than it looks. In Switzerland, more than 70% of the 55-64 age group are in the labour market; in Japan two-thirds; and in Britain just over half. The average for the OECD group of rich countries is 51%. But in France the



Having a ball

Wasted youth

Unemployment rate, %



share is a mere 37%.

So what, you might say with a Gallic shrug. One of France's many attractive features is that its people work to live, not the other way round (which is what critics say is wrong with the Anglo-Saxon model). Patrick Artus, the chief economist of the Caisse de Dépôts et Consignations, a venerable state-owned bank, makes a joke of it: "No one wants to increase the [labour-market] participation rate except economists over the age of 55."

As the Pisani-Ferry report notes: "Inactivity was viewed in France for many years as an alternative to unemployment." In other words, the government encouraged mothers to stay at home and workers over 50 to retire. This was particularly true for the Mitterrand era of the 1980s and early 90s: legislation to protect workers' rights and the proliferation of payroll charges created an exceptionally illiquid labour market. As a result, *les trente-trois glorieuses* (the 30 years from 1945 to 1975 when the economy boomed and jobs were there for the taking) were followed by a quarter-century in which high unemployment, especially among the young, became part of the economic landscape.

Embracing business

Could the Raffarin government begin to turn things round? Not in the short term, but at least Mr Raffarin and his team have understood a vital precondition: it is business that must create the jobs of the future, not government. The daily *Le Figaro* went to the trouble of analysing the words used by Mr Raffarin in a recent television programme about his future plans, and found that the second most frequent subject on his lips was "*entreprise*" (business)—surpassed only by the word "France". Compared with Mr Jospin, who spent little time with business bosses during his five-year ▶▶

tenure, Mr Raffarin's interest in *entreprise* seems promising. On the other hand, words are not the same as deeds. For all its alleged antipathy to business, the Jospin government privatised far more of French industry than its centre-right predecessors had done. Mr Raffarin will have to show that he can do better than Mr Jospin.

In part, this will involve more privatisation. Amazingly, there are still around 1,500 companies—compared with 3,500 in 1986—in which the state has a controlling share. In theory, most of the icons of French industry are up for grabs—France Telecom, Air France and even the hitherto sacrosanct Electricité de France (EDF) and Gaz de France (GDF). But at least three things could get in the way.

One is a disinclination on the part of the government to let key industries such as electricity escape from its control, which means that in practice only minority stakes will be sold; a second is union opposition to any loss of pension and other privileges if control goes to the private sector; and the third is the abysmal state of the stockmarket. Air France, 54% owned by the state, may—when market

conditions eventually suit the government—be a safe enough bet to fly further into private ownership; France Telecom, 55.5% owned by the state, risks a flop thanks to its debt of around €70 billion.

But the main challenge for Mr Raffarin goes far beyond selling the family silver: it involves lightening the government's hold on the economy in general and the private sector in particular. Government spending accounts for over 53% of GDP, way above the OECD average of 38%. A steeply progressive system of income tax, for example, can claim as much as 60% of an individual's pay-packet, and even the moderately rich have to pay a wealth tax. Virtually every French citizen gripes about taxes or social charges. Admittedly, because of various exemptions, only half of all wage-earners have to pay income tax; the trouble is that the non-paying half are still subject to a variety of payroll charges that make no allowances for income differentials. Value-added tax, levied at 19.6%, also has to be paid by rich and poor alike.

Taxes on business were reduced by the Jospin government, but employers complain that heavy payroll charges still make

it hard for them to compete internationally. Medef has calculated that the Jospin government's measures, if they had been fully implemented by their 2003 deadline (in fact some changes will be made), would still have left France bottom out of 14 EU countries. For example, for every €100 an employee takes home, a French employer would still have had to shell out €288, compared with €227 for a German boss and €166 for a British one. Only a Belgian employer would pay more.

Individual taxpayers who are rich and mobile enough vote with their feet. For instance, Laetitia Casta, a model whose face now graces the country's stamps as the national figurehead, Marianne, lives for the most part outside the country; so do virtually all of the French soccer team who won the World Cup for France in 1998 (and lost it so ingloriously in 2002). It is said that up to 300,000 French people now live in south-east England, where the taxes are lower. There is clear evidence that fewer foreigners want to set up business in France, and more French people want to shift their investment abroad.

The government seems to have ac- ➤

Tarnished glory

The scandals are legion—but who cares?

THE president is suspected of misusing taxpayers' money for political gain and personal enjoyment; Roland Dumas, the former head of the nation's highest court, is appealing against a jail sentence for accepting bribes; Jean-Claude Trichet, the governor of the central bank, is facing trial for alleged connivance in a banking irregularity; and, until Mr Jospin stopped the practice last year, envelopes stuffed with banknotes were regularly—and legally—doled out to ministers and their teams, from senior advisers down to chauffeurs, to supplement their salaries.

In the past decade well over 500 politicians and businessmen have been variously investigated or convicted for corruption, and it is only the constitutional immunity granted to an incumbent president that has protected Jacques Chirac from the judges' inquiries over his activities while he was mayor of Paris between 1977 and 1995. Transparency International, a Berlin-based organisation

that campaigns against corruption, ranks France 25th in descending order of perceived ethical cleanliness, equal with Portugal and behind all other EU countries except Italy and Greece.

Yet the country may well be getting cleaner. *Les affaires*, as the scandals are known, mostly relate to illegal money-raising for political parties in the 1980s and early 1990s, before a succession of laws banned corporate donations and introduced state financing. Some are linked to the late François Mitterrand, who as president from 1981 to 1995 used the state oil company, Elf, as a slush fund to lubricate foreign policy and fill friends' pockets. Others arise from the powers of the purse given to ill-paid local politicians in the early 1980s. Indeed, the very fact that the scandals have come to light suggests that there may be fewer in future. Investigating judges now refuse to bow to political pressure; the EU's single market is breaking down the barriers of corporate

secrecy; and foreign investors, who own 40% of the shares traded on the French stock exchange, expect rules to be obeyed rather than bent.

Oddly, for the voters corruption appears to be a non-issue. The popularity ratings of Mr Chirac (who, with a word borrowed from the poet Rimbaud, dismisses the allegations against him as "*abracadabrantésque*") have hardly suffered; and other politicians stained by scandal have even watched their popularity rise. In September, Patrick Balkany was overwhelmingly re-elected mayor by the voters of his Paris suburb of Levallois-Perret, despite having been sentenced in 1996 to a suspended jail sentence for corruption.

Why does no one seem to care? One explanation suggests that the idea of a state based on the rule of law is just an Anglo-Saxon obsession. In France the revolution of 1789 gave power to the people. Quite naturally, the elite who rule in the people's name feel above the law.

► cepted the need to act. During his election campaign, President Chirac promised to cut income tax by 5% this year and by 30% over his five-year term; to reduce bureaucracy; and to create a million new businesses. Last month Mr Raffarin and his minister for small and medium-sized businesses, Renaud Dutreil, announced that from next autumn the charge for setting up a limited-liability company will be cut from €7,500 to just €1; the company will be able to operate from the entrepreneur's home for up to five years, instead of two (which still raises the question why this kind of restriction should be imposed at all); the tax-exemption limit for capital gains will rise by a third or more; and payment of the first year's social charges can be spread over five years.

French entrepreneurs will be grateful for any lightening of their load. Two years

ago the OECD found that France had more business red tape than any other member, and more barriers to entrepreneurs than all but Italy. For example, simply to register a company could take four months.

Let 1m flowers bloom

Will Mr Dutreil's measures meet Mr Chirac's target for 1m new businesses by the next election? At present more than 170,000 companies are created each year, so another 30,000 a year does not look out of the question. It is not as though the country lacked talent and initiative: the Côte d'Azur science park of Sophia-Antipolis is full of high-technology start-ups and foreign investment.

The question is whether France wants that business badly enough. Back in 1925, an American president, Calvin Coolidge, famously declared: "The chief business of

the American people is business." It is hard to imagine a French politician ever embracing that sentiment on behalf of his countrymen. In an opinion poll last year, 56% of the respondents said their idea of France was "a country of solidarity and social justice".

They are deluding themselves. According to Timothy Smith, a Canadian historian who specialises in French social policy, "a truly solidaristic society is one which pays the price for its solidarity in the here and now, instead of leaving the bill for future generations, instead of taking raises and an extra month of paid vacation (which is the consequence of the shift from the 39-hour to the 35-hour week) or an expensive pension at 55 years of age, on the backs of 2m-3m unemployed people—most of them under the age of 40." But in France that sort of solidarity still seems a long way off. ■

To have and to hold

THE French, as foreigners often note with amusement or irritation, have an extraordinary propensity to take to the streets. Last year there were 10,050 officially sanctioned demonstrations in Paris alone. Of these, 7,458 had a festive cause, some 331 were connected with celebrity visits and another 800 were purely political in nature. That left 1,461 demonstrations for better pay, better working conditions or job security. At times, scarcely a day seems to go by in Paris without the riot police barricading the ministerial district against putative invasions of banner-waving workers (most of them remarkably good-natured).

Foreigners assume, therefore, that France's trade unions must be strong. In fact, in terms of numbers they are weak. In the private sector a mere 8% of the workforce are union members; in the public sector the share is around 26%. For comparison, in America union membership is 9% in the private sector and 37% among government employees.

The oddity is that France's unions are politically and socially powerful despite their numerical weakness. One reason is that they have a secure place in positions of power: in the welfare state reconstructed after the second world war, they are joint managers with the employers of

the country's health, retirement and social-security organisations; they dominate company employee committees; and they are part of every labour tribunal. But the more important reason is that public-sector employees in France represent just over a quarter of the nation's workforce, a bigger share than in any other rich democracy except Denmark, Finland and Sweden. In

The French have been spoiled by lavish state pensions and health care. No wonder they are fighting cutbacks

other words, the unions negotiating on public-sector workers' behalf are a force to be reckoned with—and what the unions want as a minimum is to preserve what their members already have.

So whenever a government starts talking of reform, the unions call for demonstrations to safeguard their members' right to retire early and play boules in the after- ►



Another day, another demo

noon, or whatever. And who can blame the employees for heeding that call? They have a lot to lose. Whereas workers in the private sector have to labour for 40 years before retiring on full pension at 60, public-sector workers need only 37.5 years of contributions. Moreover, following a reform in 1993, from 2008 the pensions of private-sector workers will be based on their pay in their best 25 years (compared with their best 19 years at present), whereas the pensions of public-sector workers are based on their pay in their final six months.

This means that a pen-pusher working for state-owned Electricité de France has a much cushier retirement in prospect than his or her equivalent working, say, for a small printing company in Lille. And if the public-sector job includes an element of danger, the regime is even kinder: a train driver, for example, can retire with full benefits as early as 50.

Too good to last

This system provides France's pensioners with a munificent standard of living, averaging 97% of that of the working population. Unfortunately it is demographically unsustainable. Being a pay-as-you-go system, it relies on today's workers to pay for today's pensions. In French this process is called *répartition*, and in Mr Jospin's words, "*Répartition* is the symbol of the chain of solidarity that links the generations. It is one of the most important terms in the nation's social pact."

Indeed; but if the demographers are right, the share of the population aged over 60 will rise from a fifth today to a third by 2040 (see chart 5). So instead of two workers today providing the money for one pensioner, there will be only one. This points to some hard choices: either workers will have to pay higher contributions, or the retired will have to accept lower pensions, or the retirement age will have to be raised. None of these is politically palatable, and the first, in a competitive world, might turn out to be economically dubious. Just to add to the political problem, pensioners will soon start grumbling even if there are no changes to their pension rights. This is because under the 1993 reform their pensions are now indexed to prices rather than wages, which will make the retired progressively poorer relative to the working population.

Mr Jospin ducked the problem with the aid of a time-honoured device: he appointed a committee to study the problem. In the meantime, the state-owned compa-



No waiting

nies would make extra contributions into a special pension reserve fund. Besides, the Jospin line ran, thanks to rapid economic growth the problem was less pressing than the pessimists claimed. What was fundamental was the principle of *répartition*: there would be no pension funds "on the model of certain Anglo-Saxon countries—that is not our approach."

President Chirac has said, somewhat cryptically, that there will be pension funds, but pension funds *à la française*. What that means remains to be seen. In practice, *à la française* may turn out to be much the same as *à l'américaine*. Despite Mr Jospin's rhetoric, his government presided over the introduction of company-managed savings schemes in which workers invest in mutual funds and equities—rather like workers in America with their 401k plans. The problem is that the Anglo-Saxon way looks less attractive with every fall in the stockmarket.

Poor Mr Raffarin, who has promised to pronounce on pension reform in the spring, is bound to make himself unpopular whatever he does. The demographic pressure could certainly be lightened by

bringing more women, young and older people into the workforce—but that would require the introduction of employer-friendly measures which would upset the unions and the left. Raising the retirement age and increasing contributions will be similarly unpopular. Even privatisation—one way to find money for pensions—will be fraught with difficulty, because state companies such as Electricité de France and Gaz de France have unfunded pensions obligations that private shareholders will be unwilling to take on.

Elie Cohen, an economist at Sciences-Po and an adviser to several past governments, believes that the deteriorating arithmetic will require action on pensions to be taken within the present government's five-year term. Possibly so, but resolving the arithmetic on other state commitments may be even more urgent.

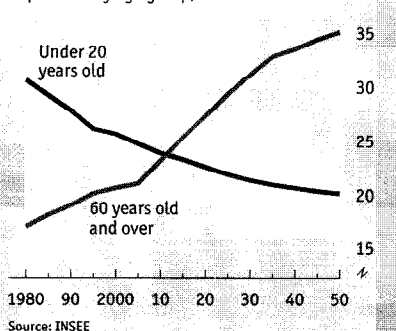
Remedial action

By any measure, France's health service is among the best in the world. Life expectancy for women (despite a collective reluctance to stop smoking) is second only to Japan, and the men are not far behind (despite, or because of, a continuing love of wine). There are no waiting lists for hospital treatment; general practitioners are prepared to make home visits, even at night and during the weekend; and the poor get their treatment free. For the rest of the population, the cost is almost, or entirely, covered by a combination of the state's social-security system and co-operative insurance bodies known as *mutuelles*. Not surprisingly, the French visit their doctors at the first sniff of a cold, go into hospital more often than others, and swallow more pills than anyone except the Japanese.

Unfortunately, all of this comes at a price that threatens to grow inexorably with increasing life expectancy and the ex- ➤

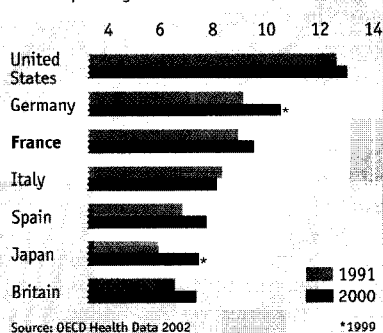
Why pensions are too generous

Population by age group, % of total



A case for treatment

Health spending as % of GDP



► pensive medicines and technology that go with it. France spends almost 10% of its GDP on health, a little less than Switzerland and Germany (see chart 6). For comparison, Britain spends a frugal 7% and America an extravagant 13%. Looking at the life-expectancy rankings, you might conclude that the Americans are wasting their money—and perhaps that the French are too, because those frugal Britons, for all their ghastly hospital waiting lists, live almost as long as their neighbours across the Channel.

French governments have been worrying about lavish health spending for decades. Back in 1978 the centre-right prime minister of the day, Raymond Barre, raised social-security contributions and cut hospital spending. But when he also tried to penalise over-prescription, the doctors defeated him with a series of strikes. In the mid-1990s, Alain Juppé was similarly frustrated by the doctors, but at least he wrested away the task of setting the annual target for social-security spending from the joint body of unions and bosses. Instead, it was handed to parliament. Thanks to this innovation, over the years the social-security deficit was first checked and then turned into surplus in the three years from 1999.

But only two months ago the Cour des Comptes, which audits state spending, released a report to the effect that the 2001 surplus was hiding a “fragile situation”—so fragile, in fact, that this year the social-security system will lapse into a deficit of €3.3 billion (\$3.3 billion), due to increase to €4.6 billion next year. One reason is the slowdown in economic growth, and the tax receipts that go with it; a second, however, is that health spending—which accounts for two-fifths of the social-security budget—keeps exceeding the limits set by parliament. For example, the limit for 2001

was set at €106 billion, but the amount actually spent was €109 billion.

This was the fourth, and worst, consecutive year of excess spending, prompting the state auditors to comment: “The contradiction is ever stronger between the desire to set objectives and the inability to put in place the means to regulate them.” The auditors reckon that too many French hospitals are in the wrong place, or offer wastefully overlapping services; that there are 30,000 surplus beds across the country; that drugs are prescribed too often and too expensively; and that a quarter of those who call on the emergency services have no urgent need at all.

But will the politicians pluck up the courage to reform the system? The signals are mixed. Almost as soon as it came to power, the Raffarin government caved in to a series of strikes by France’s 55,000 family doctors that had started under its predecessor. The doctors won an 8% increase to €20 for a consultation and a 46% rise to €30 for a home visit. Well deserved, thought their patients, for a profession where the average annual salary, after expenses, is a moderate €51,000—but the award adds another €1.2 billion to the social-security bill.

In theory, the health ministry intends to claw back all this and more by raising tobacco taxes; by requiring half of all prescriptions to be for generic drugs (much cheaper than those under patent); by paying for other, brand-name drugs as though they were generics; and by refusing to pay for 835 medications judged to be useless by the country’s independent food and health safety agency.

Ominously, however, the Socialist Party and the unions are already criticising this supposed erosion of the medical sector’s freedom of action. The unions complain, too, that the introduction of the 35-hour week, combined with the government’s reluctance to hire more workers for the public sector, is placing an unfair burden on their members.

Reform needs courage

If all that suggests trouble to come, so does the commitment to slim the civil service. For example, it is clearly a nonsense that the Ministry of Finance, with almost 180,000 employees, has two separate organisations to deal with taxes: one to assess them, the other to collect them. Similarly, with the baby-boom long over, it is hard to see why the education ministry needs more than 960,000 employees; hard, too, to justify a junior defence minis-

ter, complete with his own department, for the dwindling number of veterans of France’s wars. One explanation is that politicians may be more sympathetic than they should be—after all, two-fifths of the members of the National Assembly are on leave from the civil service.

But the leverage of the civil service stretches far beyond that. By one calculation, 57% of the adult population are either civil servants themselves, or are children, parents or spouses of civil servants. Ministers naive enough to attempt reform tend to lose their jobs—witness, in the Jospin government, the education minister, Claude Allègre, and a short-tenured finance minister, Christian Sautter. When a junior education minister in the present government pointed out that some 3,000 jobs could be saved because there were now fewer schoolchildren needing to be taught, his boss had to calm the storm by explaining that the lost jobs would not be teaching ones.

The temptation, therefore, is to let matters rest. After all, almost half of the civil service will be retiring in the next decade, and not all of them will be replaced. So perhaps, say the optimists, the fat can be cut painlessly. But meanwhile, thanks to Mr Chirac’s pledge to boost internal and external security, next year the ministries of the interior, justice and defence will all have more employees rather than fewer. Indeed, for all the talk of reducing numbers, next year’s total tally of civil servants in central government, including 459,000 in defence, will be 2,180,240—a mere 1,745 fewer than this year. ■



Indispensable

The French exception

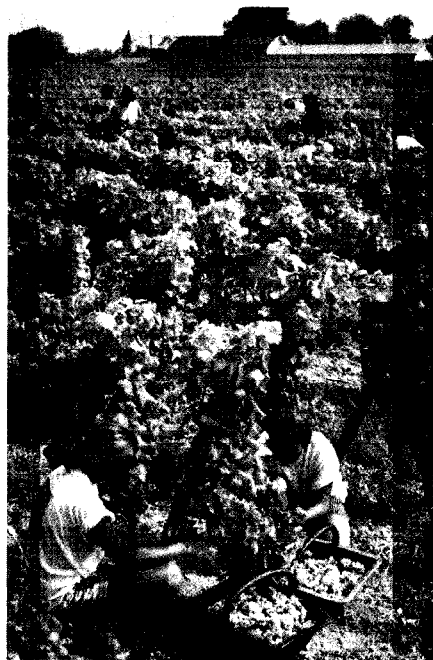
THE vineyards bake in the sun of Provence; vast cornfields stretch golden across the plains of Picardy; in Brittany the cattle slowly munch their way from one deep green field to another; in the Dordogne the geese are having their livers fattened for the world's best foie gras. All this is *la France profonde*, that entrancing country of picturesque villages and revered cuisine. No wonder France is by far the world's most popular tourist destination for foreigners. And no wonder the French themselves, not least President Chirac, are determined to preserve it.

Yet the pastoral idyll is in part a myth. The country towns are surrounded by hypermarkets and car-lots; the villages have garish kiosks dispensing videos; and, all too often, the fields and rivers are polluted with pesticides. Meanwhile, the true *paysans* (the word translates better as "country folk" rather than "peasants") are dwindling in number: down to 627,000 in the 1999 census, a drop of 38% on ten years earlier. Their place has been taken by the modern barons of industrialised agriculture (the average farm now is half as large again as in 1988); or the workers who commute to the nearest town; or the Parisians and foreigners who have bought second homes in the country.

Rus in urbe

So why is the myth so important? The answer is a mix of nostalgia, culture and economic self-interest. Only two generations ago, agriculture accounted for one-third of the nation's workforce, which explains why even the most confirmed city types usually still have some rural connection. Mr Chirac once said: "The farmers are the gardeners of our country and the guardians of our memory." But there is rather more to it than gardening: helped by an EU Common Agricultural Policy designed with French farmers in mind, France has become the world's fourth-biggest producer of cereals and meat and pockets a quarter of the CAP's funds.

That does not please José Bové, the pipe-smoking, moustachioed leader of the *Confédération Paysanne*. Mr Bové, a former student activist turned occasional goat-cheese maker, is demanding a more



Tons of joie de vivre

literal interpretation of the myth. He has become a popular hero by attacking globalisation and the CAP for industrialising agriculture at the expense of the small farmer. Two years ago, when he appeared in court for trashing the site for a new McDonalds restaurant, 30,000 demonstrators gathered in his support. He was briefly imprisoned earlier this year.

By contrast, the politicians think the myth is best served by holding on to the status quo. When the European Commission earlier this year proposed replacing production subsidies for farmers with direct payments geared to their care for the environment, Hervé Gaymard, France's agriculture minister, led the counter-attack. Gathering the signatures of six other EU agriculture ministers, Mr Gaymard sent a letter to several European newspapers, noting: "For us, agricultural products are more than marketable goods; they are the fruit of a love of an occupation and of the land, which has been developed over many generations...For us, farmers must not become the 'variable adjustment' of a dehumanised and standardised world."

From agriculture to Europe, France gets away with doing its own thing

Cri de coeur or hypocritical power politics? Perhaps a bit of both. Mr Gaymard's argument is that the CAP has served Europe well, and that its reform should not be rushed, but should involve a debate going back to first principles. Then again, the letter was published on September 24th, to coincide with a meeting of agriculture ministers in Brussels. Moreover, it guaranteed a French victory: the signatories represented a minority big enough to defeat not just the commission's plans but also the wish of several northern countries, particularly Britain, to renegotiate the CAP before the present agreement on the EU's finances expires at the end of 2006.

What kind of Europe?

All this, say the critics, is proof that France, a founder member of the EU, sees it only as a vehicle for its own national interests. But that hardly seems a damning verdict. After all, why join a club if it does not serve your interests? For France, the European club has always served two purposes: to ensure peace with Germany after three wars within a century; and to provide a counterweight to America's power.

Still, the French seem to have a way of bending the club rules to their advantage. For example, back in 1965, when the France of President De Gaulle boycotted Europe's institutions for six months, its "empty chair" policy successfully checked Europe's supranational course, guaranteeing each nation the right to a veto if its vital interests were at stake. And in the early 1990s France held the Uruguay Round of trade negotiations hostage until it won the right to a "cultural exception", allowing it, in effect, to subsidise French films and discriminate against American ones.

In the same vein, Mr Raffarin's finance minister, Francis Mer, blithely told his EU colleagues last June that their "Stability and Growth Pact", a 1997 accord under which all countries had pledged to balance their public-sector budgets by 2004, was "not set in stone." The commission and the other EU members agreed, giving France until 2006 to meet the deadline. But the medium-term budget plans which Mr Mer announced in September show that France will still have a 1% deficit in 2006, ►►

prompting open criticism by the commission. Mr Mer seemed unfazed. After a meeting with his EU counterparts last month, he declared: "We decided there were other priorities for France—for instance, increased military spending. Other countries have not taken this kind of decision, but we are still in a Europe where budgetary policy and political decisions are under national control."

It sounds rather like a Europe in which France remains an independent nation-state, choosing for itself when and how to co-operate with the rest of the club. That is one reason why the tie with Gerhard Schröder's federalist-minded Germany has come under strain. However, the tie still holds: last month in Brussels, Mr Chirac, outmanoeuvring—and enraging—Britain's prime minister, Tony Blair, persuaded Mr Schröder that the CAP should remain unchanged until 2006.

Back home, François Bayrou, leader of the Union for French Democracy and a member of the European Parliament, is

one of very few French politicians to share the Belgian, Italian or German vision of a powerfully supranational EU. Other visions for the future of the EU, from a confederation of nation-states to a "hard core" of "the willing and the able", all have one thing in common: in essence, France will retain its freedom of action and Europe will serve France's purpose. How else could De Gaulle and his political descendants, including Mr Chirac, have accepted the notion of a communal Europe? Nor are such attitudes confined to Gaullists: the Socialists' François Mitterrand may have talked of "the European project" and "the European construction", but in his alliance with Germany's Chancellor Kohl he preserved France's role as the architect.

Quite contrary

The same streak of Gaullist independence is evident in the way France so often disagrees in public with the United States, in particular over the Middle East. The most obvious example is the squabbling over

what kind of UN resolution to use against Iraq, but there are plenty of others. When President Bush linked Iraq, Iran and North Korea in an "axis of evil", the Socialist foreign minister of the day described the American approach as "simplistic"—the same adjective Mr Raffarin now uses for America's policy.

All this is fine for France's *classe politique*, trained to deal with the intellectual contortions of being an insider in the rich world's councils yet an outside critic at the same time. Earlier this year, for example, both the Jospin government and the opposition sent representatives to the World Economic Forum in New York—but also sent twice as many to the rival, anti-globalisation summit in Porto Alegre, Brazil.

But what of those lesser mortals who make up the electorate? For them it smacks of double-talk. No wonder so many, either by abstaining or by casting a protest vote, took their revenge in the presidential election last spring. They felt lost, and the elite had not bothered to show them the way. ■

High and mighty

France's elite is too clever by half

ALL nations—even those who once believed in Marx—have their elites, so why should France be any different? Philippe Méchet, a well-known opinion pollster, jokes: "We're a very royalist country, and we killed the king. So now we've monarchised the republic."

You can see his point. The American president lives in the White House, but the French president lives in the Elysée Palace, a choice of noun that conjures up a whole retinue of courtiers and uniformed flunkies. Indeed, when the Socialist François Mitterrand inhabited the Elysée, he lavished so much public money on grand schemes for the capital and its monuments that he was often compared to Louis XIV, the "Sun King".

Take the analogy a touch further and you have a modern nobility, products of the *grandes écoles*, a handful of universities—such as Sciences-Po in Paris or the Polytechnique just south of the capital—that are acknowledged to be centres of excellence. In particular, you have the *énarques*, graduates of the Ecole Nationale d'Administration (ENA), a postgraduate

school established by De Gaulle in 1945 to train a civil service untarnished by the Vichy regime's collaboration with the Nazis.

It has long been fashionable, even among *énarques*, to criticise ENA as being too elitist for the national good. Recruiting through fiercely competitive written and oral exams, the school has an intake of just 120 students a year for its 27-month-long curriculum. Multiply that by the number of years since ENA was established, allow for some natural wastage, and you get a total figure for living *énarques* of perhaps 5,000.

Monarchs of all they survey

That elite, minuscule compared with the massed alumni of Britain's Oxbridge or America's Ivy League, commands most of what matters in France. Mr Chirac is an *énarque*, as is Mr Jospin (but not Mr Raffarin); so too the head of the employers' association, Ernest-Antoine Seillière, and many of the bosses of leading banks and businesses, from Jean Peyrelevade of Crédit Lyonnais to Jean-Cyril Spinetta of Air France.

Is this a good or a bad thing? It depends how you look at it. As one *énarque* at the finance ministry says scathingly, "Enarques are pretty smart individually, and pretty dumb collectively." ENA's graduates can hardly help being clever: the meritocratic recruitment process is designed to draw bright children from humble backgrounds into the elite (one example is Hervé Gaymard, the agriculture minister). They are also competent: having been groomed for the task of administering the state, by and large they make a good job of it.

The reason that they can be "collectively dumb" is that they all come from the same educational mould, which makes their responses somewhat predictable. Their civil-service instinct is to mistrust the private sector and private initiative. Given their predominance in so many key posts, they have been criticised for holding back France's energy and creativity. But perhaps the dumbest thing they do is to ignore the views of lesser mortals, and assume that they always know best.

A magic moment

THE French body politic has had quite a momentous year, but the sense of shock is now fading. The new obsession of the chattering classes is Iraq and American foreign policy (which has catapulted two thoughtful books on French anti-Americanism into the bestseller list). For the political right, the obsession is unity: let the rival parties that coalesced into the Union for the Presidential Majority become a single vehicle to elect the next president in 2007 (Mr Juppé, or Mr Sarkozy, or—some now whisper—Mr Chirac again?). For the opposition, so much in retreat that the Communist Party, once the largest party of the left, is now struggling to survive with just 21 supporters in the National Assembly, the task is not so much to bind its wounds, but to fight it out until the would-be modernisers of the Socialist Party, such as Dominique Strauss-Kahn and Laurent Fabius, either win or lose.

The government, for its part, talks of “decentralisation”. Patrick Devedjian, the “minister of local freedoms”, argues that it is time to give power to local officials and to get away from the Napoleonic military logic of a “chain of command” that always leads to Paris. In that way, perhaps a solution could at last be found for Corsica, whose bomb-planting extremists are bent on secession.

But does any of this indicate that the country is facing up to its problems? Sadly, not enough. The *fracture sociale*—a campaign slogan of Jacques Chirac’s in his first bid for the presidency, in 1995—still divides the nation; the elites still pontificate at an arrogant distance from *la France d’en bas*; necessary economic reforms still remain a matter of talk rather than achievement; and policy is all too often a consequence of confrontation rather than negotiation. Worst of all, perhaps, is the temptation to seek refuge in a false comfort zone: France as an independent nuclear power, as a permanent member of the UN Security Council, as a member of the G8 club of economic powers—and, of course, as a country that takes culture seriously. France may not match the Anglo-Saxons for Nobel laureates in economics, but in literature it comes top.

Yet there is no need for such a comfort

zone. France’s engineers are among the best in the world—witness not just high-technology triumphs such as the Ariane rocket programme or the TGV railway system, but also lower-technology successes such as Michelin tyres or the cars of Citroën and Renault (a good enough company to take over Japan’s Nissan and return it to profit). The same is true of some of its bankers, insurers and retailers, who successfully compete on the world stage. AXA, for example, will insure your life in America; Carrefour will sell you groceries whether you live in China or Chile.

The disappointment is that such assets are undervalued in the public mind, especially since the fall from grace of Jean-Marie Messier (a graduate both of ENA and the Polytechnique), with his improbable dream of turning a sewage and water company into the Vivendi Universal media giant. Denis Ranque, the boss of Thalès, a French defence and electronics group operating in more than 30 countries, has an explanation: “Popular knowledge of the economy is weak in France. We have important industries, but the French don’t like them. They associate them with pollution, not jobs.”

Elie Cohen, the economist at Sciences-Po, argues that France has been an ordinary market economy since the mid-1980s, when the folly of Mitterrand’s

President Chirac has five years in which to reform France

nationalisation programme of 1981-82 became obvious even to the president, but: “The spirit of Gallo-capitalism remains. Each time there’s a problem, you appeal to the state.” Yet surely an “ordinary” market economy would not go to the lengths France does to resist the liberalising demands of the EU, in particular in the energy market, where EDF is protected at home even as it creates an empire abroad.

Face up to reality

No matter, you might say: France has prospered regardless. Indeed, there is a certain pragmatism behind the rhetoric: criticise globalisation but profit from it too; criticise America but support it at the same time. The problem is that sooner or later this form of self-deception could turn into self-destruction. In 1995, it prevented France’s government from getting the popular backing to carry out reforms that have now become all the more necessary.

During his first presidential term, Jacques Chirac’s critics had a common taunt: he was a man who knew how to win power, but not how to wield it. But there was a reason: from 1995 he was locked by the voters into cohabitation with his political opponents. For the next five years, he has no such excuse: having promised to reform France, he now has the power to do so. May he use it wisely. ■

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